

Minutes of the Board of Governors of the Federal Reserve System
on Thursday, March 26, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson
Mr. King

Mr. Kenyon, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Benner, Assistant Director, Division of
Examinations
Mr. Hill, Assistant to the Secretary
Mr. Farrell, Legal Assistant

Governor King stated that he wished to refrain from voting on actions taken by the Board at this meeting.

Discount rates. The establishment without change by the Federal Reserve Bank of San Francisco on March 25, 1959, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Items circulated or distributed to the Board. The following items, which had been circulated or distributed to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

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Item No.

- Letter to the United Bank, Star Lake, New York, approving its application for membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of New York) 1
- Letter to The County Trust Company, White Plains, New York, approving the establishment of a branch at 55 Church Street. (For transmittal through the Federal Reserve Bank of New York) 2
- Letter to the Bordentown Banking Company, Bordentown, New Jersey, granting an extension of time within which to establish a branch in Bordentown Township. (For transmittal through the Federal Reserve Bank of Philadelphia) 3
- Letter to Wilmington Trust Company, Wilmington, Delaware, consenting to its proposed merger with Georgetown Trust Company, Georgetown, Delaware, approving the establishment of a branch in Georgetown, and approving an additional investment in bank premises. (For transmittal through the Federal Reserve Bank of Philadelphia) 4
- Letter to The Peoples-Merchants Trust Company, Canton, Ohio, consenting to its absorption of The Brewster Banking Company, Brewster, Ohio, and approving the establishment of a branch in Brewster. (For transmittal through the Federal Reserve Bank of Cleveland) 5
- Letter to the Fowler State Bank, Fowler, Indiana, approving its application for fiduciary powers. (For transmittal through the Federal Reserve Bank of Chicago) 6
- Letter to the Rising Sun State Bank, Rising Sun, Indiana, consenting to its absorption of The Citizens State Bank, also of Rising Sun. (For transmittal through the Federal Reserve Bank of Chicago) 7
- Letter to The City National Bank and Trust Company of Kansas City, Kansas City, Missouri, authorizing the bank to accept drafts or bills of exchange drawn upon it by Banco do Brasil in a limited amount. (For transmittal through the Federal Reserve Bank of Kansas City) 8

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	<u>Item No.</u>
Letter to Crocker-Anglo National Bank, San Francisco, California, authorizing the bank to accept drafts or bills of exchange drawn for the purpose of furnishing dollar exchange. (For transmittal through the Federal Reserve Bank of San Francisco)	9
Letter to the Comptroller of the Currency recommending unfavorably with respect to an application to organize a national bank at East Fishkill, New York. (With a copy to the Federal Reserve Bank of New York)	10
Letter to Harris, Beach, Keating, Wilcox, Dale and Linowitz, Rochester, New York, regarding the applicability of Regulations T and U to certain transactions. (With a copy to the Federal Reserve Bank of New York)	11
Order granting an extension of time to The First Virginia Corporation, Arlington, Virginia, to acquire stock of the Old Dominion Bank, also of Arlington.	12
Letter to The First Virginia Corporation granting an extension of time to comply with the requirements of section 4(a)(2) of the Bank Holding Company Act. (For transmittal through the Federal Reserve Bank of Richmond)	13

With respect to Item No. 4, Mr. Nelson commented that the State authorities had now approved the proposed merger. In this particular instance, he said, the State Commissioner was glad that the merger was being effected because of problems existing within the Georgetown Trust Company, but the Commissioner was concerned about the continued acquisition of small banks by Wilmington Trust Company and had been unable to obtain a commitment against pursuance of such a program.

There followed some discussion as to whether the time was appropriate to request the Federal Reserve Bank of Philadelphia, in

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cooperation with the State Bank Commissioner, to pursue the matter of continued expansion with Wilmington Trust Company, but no decision to institute such a request was reached. In this connection, however, Governor Robertson said that the State Bank Commissioner was scheduled to visit the Board's offices next Monday for a meeting of the Standing Interagency Committee and perhaps would use that occasion to present his views.

In discussion regarding Items 8 and 9, Mr. Goodman referred to a study being made with regard to the possible need for revising Regulation C. He said that all of the Federal Reserve Banks except New York had replied to the Board's letter of December 17, 1956, in which the Banks were requested, among other things, to communicate with member banks having authority to accept drafts or bills to create dollar exchange or otherwise interested in the matter and obtain their views as to which countries, if any, on the Board's list needed dollar exchange facilities. New York's views were expected shortly.

Accordingly, the Secretary's Office was requested to make a notation that the Board should be advised of the status of the study one month from this date.

Messrs. Goodman and Farrell then withdrew from the meeting.

Bank merger legislation (Item No. 14). There had been distributed to the Board a revised draft of letter to Chairman Robertson of the Senate Banking and Currency Committee prepared in the light of

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developments following the discussion at the meeting of the Board on March 24, 1959. The position taken in the revised draft was that it would be preferable for bank merger legislation to contain permissive authority for requesting the opinion of the Attorney General regarding the effect on competition of a proposed merger rather than a mandatory provision.

Governor Robertson reported that yesterday he discussed with representatives of the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation the question raised in Senator Robertson's letter of March 21, 1959, concerning possible amendment of S. 1062 to require that the banking agency having a proposed merger under consideration request the opinion of the Attorney General. In addition, he had a telephone conversation this morning with Senator Robertson who expressed the view that S. 1062 could be reported favorably by the Senate Banking and Currency Committee in its present form and that it would be preferable to reserve for a later stage consideration of any possible amendments, including one along the lines that had been suggested. In the light of these comments by Senator Robertson and the views expressed yesterday by the other Federal banking agencies, Governor Robertson considered it appropriate to send a reply to Senator Robertson in the form of the draft now before the Board.

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Thereupon, the proposed letter, a copy of which is attached as Item No. 14, was approved unanimously.

Messrs. Nelson and Benner then withdrew from the meeting and Mr. Johnson, Director, Division of Personnel Administration, entered the room.

Requests for oral argument (Item No. 15). In a memorandum dated March 24, 1959, which had been distributed to the Board, Mr. Solomon, Assistant General Counsel, raised several procedural questions in connection with pending requests for determinations under section 4(c)(6) of the Bank Holding Company Act on which hearings had been held. Three of the applicants had filed exceptions to the Hearing Examiner's Report and Recommended Decision and two of them, First Bank Stock Corporation and Northwest Bancorporation, had requested and been granted oral argument before the Board. Bank Shares, Inc., at the time of filing its exceptions on February 15, 1959, also had requested oral argument. The memorandum recommended favorable consideration of that request and suggested that consideration also be given to inviting Otto Bremer Company to give oral argument along with the other applicants, although no exceptions or request for oral argument were filed in that case. As to the manner and time of hearing arguments, it was noted that all four cases involved insurance agencies, although the Northwest Bancorporation and First Bank Stock cases also involved other questions. In the circumstances, it was suggested that it might be feasible to hear the arguments

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on the insurance activity questions in the morning and on the non-insurance questions in the afternoon. On the basis of informal advice, it appeared that any date after April 27 would be satisfactory to counsel representing the companies that had requested oral argument.

Following comments by Mr. Hackley on the recommendations contained in Mr. Solomon's memorandum, the opinion was expressed that the invitation to Otto Bremer Company to give oral argument should be made formally rather than informally.

After further discussion, agreement was expressed with the suggested arrangements for oral argument. Accordingly, it was understood that an order granting the request of Bank Shares, Inc., for oral argument would be issued after the Legal Division had determined a date during the early part of the week of May 11 that would be satisfactory to all of the parties concerned. It was also agreed that Otto Bremer Company would be formally invited to give oral argument on the same date as the other companies.

Secretary's Note: It was subsequently determined that oral argument beginning at 10:00 a.m. on Monday, May 11, 1959, would be agreeable to the three bank holding companies that had requested oral argument. A copy of the order granting the request of Bank Shares, Inc., is attached as Item No. 15.

All of the members of the staff except Messrs. Kenyon and Johnson then withdrew from the meeting.

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Letters from Congressman Reuss. Governor Balderston referred to two letters that had been received under date of March 25, 1959, from Congressman Reuss of Wisconsin. One of these was addressed to Chairman Martin and transmitted an excerpt from the Congressional Record for March 17, 1959, containing a statement made by Mr. Reuss on debt management policies, along with discussion on the floor of the House of Representatives pertaining to those remarks. The second letter was addressed to Mr. Young, Director of the Division of Research and Statistics, and invited comments with regard to problems in the area of fiscal policy and debt management.

Mr. Young had requested guidance as to what procedure would be appropriate for handling the letter addressed to him by Congressman Reuss. In discussion of that point, the view was expressed by members of the Board that it might be desirable for Mr. Young to get in touch with Mr. Reuss with a view to arranging for discussion of the problems referred to in the letter, thus obviating the necessity for a formal reply. In this connection, it was suggested that Mr. Young might want to get in touch with the Treasury to ascertain whether a similar letter had been received by anyone in that Department and, if so, what procedure for handling the matter was contemplated.

Appointment at Richmond Reserve Bank (Item No. 16). Pursuant to the favorable recommendation contained in a file on the matter that had been circulated to the Board, unanimous approval was given to a

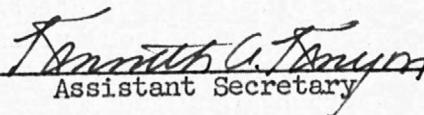
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letter to the Federal Reserve Bank of Richmond approving the appointment of J. Dewey Daane as Vice President in charge of the Research Department, effective July 1, 1959. This appointment would permit the transfer of Vice President Storrs to the Charlotte Branch where he would replace Vice President Cherry upon the latter's retirement. A copy of the approved letter is attached as Item No. 16.

Trip by Mr. Marget. Upon the favorable recommendation of Governor Shepardson, Mr. Marget, Director of the Division of International Finance, was authorized to attend a meeting of the Bank for International Settlements in Basle, Switzerland, at the conclusion of the meeting of the International Economic Association to be held in Denmark in September of this year. Mr. Marget's acceptance of an invitation to attend the Association meeting had previously been approved by the Board and it was understood that his attendance at the meeting of the Bank for International Settlements would involve an additional period of only about three days.

The meeting then adjourned.


Assistant Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Board of Directors,
United Bank,
Star Lake, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of United Bank, Star Lake, New York, for stock in the Federal Reserve Bank of New York, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, as amended effective September 1, 1952, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

The Board of Governors also approves the retention and operation of United Bank's present branches located in the villages of Edwards and Harrisville.

United Bank

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If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959.

Board of Directors,
The County Trust Company,
White Plains, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch at 55 Church Street, White Plains, New York, by The County Trust Company, White Plains, New York. This approval is given provided the branch is established within one year from the date of this letter and that formal approval of State authorities is effective at the time the branch is established.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Board of Directors,
Bordentown Banking Company,
Bordentown, New Jersey.

Gentlemen:

The Board of Governors extends to November 9, 1959, the time within which Bordentown Banking Company, Bordentown, New Jersey, may, under the authority contained in the Board's letter of May 7, 1958, establish a branch in Bordentown Township, New Jersey, on U. S. Route 130 between Crosswicks Street and Farnsworth Avenue.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 4
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959



Board of Directors,
Wilmington Trust Company,
Wilmington 99, Delaware.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System hereby gives its written consent, under the provisions of section 18(c) of the Federal Deposit Insurance Act, to the merger of Georgetown Trust Company, Georgetown, Delaware, with and into Wilmington Trust Company, Wilmington, Delaware, and approves the establishment of a branch, by the continuing bank, on The Circle, Georgetown, Delaware, incident to the merger. This consent is given, provided:

- (a) the merger is effected substantially in accordance with the Agreement of Merger submitted to the Federal Reserve Bank and the transactions are effected within six months from the date of this letter;
- (b) shares of stock acquired from dissenting shareholders are disposed of within six months from date of acquisition; and
- (c) formal approval of State authorities is obtained.

The Board of Governors also approves, under the provisions of section 24A of the Federal Reserve Act, an additional investment in banking premises of not to exceed \$28,000.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 5
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Board of Directors,
The Peoples-Merchants Trust Company,
Canton, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System hereby gives its consent, under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the assumption of liability to pay deposits of The Brewster Banking Company, Brewster, Ohio, by The Peoples-Merchants Trust Company, Canton, Ohio, and approves the establishment of a branch in Brewster, Ohio, by The Peoples-Merchants Trust Company, provided,

- (1) The proposed absorption by purchase of assets and establishment of the branch are effected within six months from the date of this letter, substantially in accordance with the agreement between the parties dated February 21, 1959,
- (2) Investment securities and fixed assets acquired from The Brewster Banking Company are not placed on the books of The Peoples-Merchants Trust Company in amounts in excess of the market value and the depreciated value for Federal income tax purposes, respectively, and
- (3) Formal approval is obtained from the State authorities.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 6
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Board of Directors,
Fowler State Bank,
Fowler, Indiana.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to the Fowler State Bank to exercise the fiduciary powers now or hereafter authorized by its charter and the laws of the State of Indiana.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 7
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Board of Directors,
Rising Sun State Bank,
Rising Sun, Indiana.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System hereby gives its consent, under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the assumption of liability to pay deposits of The Citizens State Bank, Rising Sun, Indiana, by Rising Sun State Bank, Rising Sun, Indiana, provided (1) the absorption by purchase of assets is effected substantially in accordance with the agreement dated February 24, 1959, submitted with your request, (2) securities and fixed assets are not placed upon the books of the Rising Sun State Bank at amounts in excess of market value and depreciated value for income tax purposes, respectively, and (3) the absorption is effected within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 8
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

The City National Bank and Trust Company
of Kansas City,
Kansas City, Missouri.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes your bank, pursuant to the provisions of Section 13 of the Federal Reserve Act, to accept drafts or bills of exchange drawn upon you by Banco do Brasil, S. A., Rio de Janeiro, Brazil, in an amount not exceeding \$250,000 in the aggregate at any time, which are drawn and accepted for the purpose of furnishing dollar exchange as required by the usages of trade in Brazil and which conform to all other applicable provisions of said Section 13 and the Board's Regulation C.

The right is reserved to terminate this authorization upon 90 days' notice to your bank, as provided in the Regulation.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 9
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Crocker-Anglo National Bank,
San Francisco 20, California.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes your Bank, pursuant to the provisions of Section 13 of the Federal Reserve Act, to accept drafts or bills of exchange for the purpose of furnishing dollar exchange as required by the usages of trade in such countries, dependencies, or insular possessions of the United States as may have been designated by the Board of Governors, subject to the provisions of the Federal Reserve Act and the Board's Regulation C issued pursuant thereto. Section 13 of the Federal Reserve Act provides that no member bank shall accept such drafts or bills in an amount exceeding at any one time the aggregate of one-half of its paid-up and unimpaired capital and surplus.

The right is reserved to terminate this authorization upon 90 days' notice to your Bank as provided in the Regulation.

Enclosed is a list of the countries with respect to which the Board of Governors has found that the usages of trade require the furnishing of dollar exchange. The Board of Governors may at any time, after 90 days' published notice, remove from such list the name of any country, dependency, or insular possession contained therein.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 10
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959



Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. L. A. Jennings,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated December 13, 1957, enclosing copies of an application to organize a national bank in the Town of East Fishkill, New York, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by a representative of the Federal Reserve Bank of New York indicates that a capital structure of \$300,000 would be provided for the bank, instead of \$100,000 as shown in the application. This revised capital structure appears to be adequate. However, there does not appear to be sufficient need for the bank at this time; and, in view of the limited volume of business available, its earnings prospects would be rather poor. At the time of the investigation definite arrangements had not been made for executive management of the bank; and, in view of the lack of banking experience of the directors, the management factor could not be regarded favorably. On the basis of the information available, the Board of Governors does not feel justified in recommending approval of this application.

The Board's Division of Examinations will be glad to discuss this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 11
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959



Mr. Albert H. Swett,
Harris, Beach, Keating, Wilcox,
Dale and Linowitz,
Five South Fitzhugh Street,
Rochester 14, New York.

Dear Mr. Swett:

This is in reply to your letter of March 10, 1959,
concerning margin requirements. The facts are understood to be
as follows.

A margin account which includes registered stocks is held
by a broker in the name of a decedent. Apparently, this account is
undermargined under the present requirements of Regulation T. The
broker in question is unwilling to have this credit transferred to
the name of the sole beneficiary of the decedent's estate.

Your client, the Security Trust Company of Rochester, is
willing to accept the transfer of this margin account from the broker,
and thereafter transfer the account from the decedent's name to that
of the beneficiary. However, the bank is willing to accept this
transfer only if "the transaction is not subject to the current 10%
limitation imposed by the Supplement to Regulation U." It is
assumed from this quoted portion of your letter that the bank wishes
to extend credit on the registered securities in the account in an
amount equal to that now outstanding at the brokerage office under
Regulation T, and that this amount is in excess of the 10 per cent
maximum loan value presently specified for new credits under both
Regulations T and U.

A loan that is outstanding in an amount greater than the
currently specified maximum loan value of 10 per cent of market
value does not have to be reduced to the 10 per cent figure.
Furthermore, as you indicate in your letter, section 3(e) of Regu-
lation U permits the transfer of undermargined loans between banks,
and section 6(d) of Regulation T permits the transfer of under-
margined loans between "creditors". However, a transfer between a
bank and a broker is not permitted by these regulations.

Mr. Albert H. Switt

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Section 2(b) of Regulation T defines "creditor", to the exclusion of a bank, as "any member of a national securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member."

When section 3(e) of Regulation U states that "a bank may accept the transfer of a loan from another bank . . . without following the requirements of this regulation as to the making of a loan", it does not extend this privilege to a transfer of a loan from a lender other than "another bank". As one of the reasons for this limitation, it may be noted that the basic margin rules applicable to brokers under Regulation T are different in several respects from the margin rules applicable to banks under Regulation U. Thus, in answer to your first inquiry, the bank in question may not accept a transfer of the undermargined loan from the broker under the facts as above stated.

In the event that your client desires to grant a new loan in conformity with the present 90 per cent margin requirements of Regulation U in order to repay the broker's loan, your second inquiry concerning the transfer of the margin account from the decedent's estate to the beneficiary thereof would become relevant. Section 3(e) of Regulation U not only permits the transfer of an undermargined loan between banks, but also permits the transfer of such a loan "between borrowers". Thus, if the bank obtained this margin account by extension of credit in conformity with the present requirements of Regulation U, the bank could later transfer the account and the securities therein from the name of the decedent to the name of the beneficiary thereof, even if the loan had become undermargined after it was made by the bank.

Naturally the above opinions are relative to Regulations T and U only, and can in no way reflect any possible effect of probate, tax or other laws or regulations that might be pertinent.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Item No. 12
3/26/59

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

 ' In the Matter of the Application of '
 ' '
 ' THE FIRST VIRGINIA CORPORATION '
 ' '
 ' Pursuant to Section 3(a)(2) of the '
 ' Bank Holding Company Act of 1956 '
 ' -----

ORDER EXTENDING TIME FOR COMPLETION OF
ACQUISITION OF VOTING SHARES OF OLD DOMINION BANK

There having come before the Board of Governors pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (12 USC 1843) and section 4(a)(2) of the Board's Regulation Y (12 CFR 222.4(a)(2)), an application on behalf of The First Virginia Corporation, whose principal office is in Arlington, Virginia, for the Board's prior approval of the acquisition of from 51 to 92 per cent of the 40,500 outstanding voting shares of Old Dominion Bank, Arlington, Virginia; a Notice of Tentative Decision referring to a Tentative Statement on said application having been published in the Federal Register on December 9, 1958; the said Notice having provided interested persons an opportunity, before issuance of the Board's final order, to file objections or comments upon the facts stated and the reasons indicated

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in the Tentative Statement; and the time for filing such objections and comments having expired and no such objections or comments having been filed;

And such application having been granted pursuant to order of the Board, dated January 7, 1959, provided the acquisition is completed within three months from the date of the Board's order,

IT IS HEREBY ORDERED, that the time in which such acquisition may be completed is extended to July 6, 1959.

Dated at Washington, D. C., this 26th day of March, 1959.

By order of the Board of Governors.

Voting for this action: Vice Chairman Balderston and
Governors Szymczak, Mills, Robertson and Shepardson.

Present and not voting: Governor King.

Absent and not voting: Chairman Martin.

(signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 13
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959

Mr. Edwin T. Holland, President,
The First Virginia Corporation,
2926 Columbia Pike,
Arlington, Virginia.

Dear Mr. Holland:

This refers to The First Virginia Corporation's application for an extension of the time within which it must comply with the requirements of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted an extension to December 31, 1959.

In your letter of March 12, 1959, you requested an extension from March 30, 1959, until such time as a determination can be made on the two applications to be filed by First Virginia Corporation pursuant to section 4(c)(6) of the Act, or until December 31, 1959, whichever occurs later. The Board did not feel that it could issue an extension such as was requested, because it might involve a period of time longer than the one-year limitation provided by section 4(a) of the Act.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 14
3/26/59

OFFICE OF THE VICE CHAIRMAN

March 26, 1959

The Honorable A. Willis Robertson, Chairman,
Committee on Banking and Currency,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

This is in response to your letter of March 21, 1959, requesting our views regarding the suggestion made during hearings on the bill S. 1062 that the bill be amended to require the banking agency having a proposed bank merger under consideration to request the opinion of the Attorney General in every case.

In a great many instances, of course, bank mergers do not have any significant effect upon banking competition and it would be unnecessary, therefore, to require the appropriate Federal bank supervisory authority in such cases to request the opinion of the Attorney General as to whether the proposed merger would tend unduly to lessen competition or create a monopoly. In those cases in which a proposed merger would appear to have any significant effect upon competition, it can be assumed that the appropriate bank supervisory agency would seek the views of the Attorney General regarding the possible competitive effect of the transaction and that the banking agency would carefully weigh those views along with other relevant considerations in determining whether the proposed merger would be compatible with the public interest.

For these reasons, it is the Board's opinion that it would be preferable to retain the permissive authority for requesting the opinion of the Attorney General presently contained in S. 1062 rather than make that provision mandatory.

Sincerely yours,

C. Canby Balderston
C. Canby Balderston,
Vice Chairman.

UNITED STATES OF AMERICA

Item No. 15
3/26/59

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

 ' In the Matter of the Request of
 ' BANK SHARES, INCORPORATED
 ' for determinations pursuant to
 ' section 4(c)(6) of the Bank
 ' Holding Company Act of 1956.
 ' -----

DOCKET NOS.
BHC-38, 39,
40 and 41

ORDER GRANTING REQUEST FOR ORAL ARGUMENT

This matter coming on this day for consideration on the request of Applicant for Oral Argument in this matter, it is ORDERED that:

1. The request of Applicant for Oral Argument is granted, said Oral Argument to be set down for 10 a.m. on May 11, 1959, at the offices of the Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N. W., Washington, D. C.

This 26th day of March, 1959.

By order of the Board of Governors.

(signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

Washington, D. C.
March 26, 1959.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 16
3/26/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1959.

CONFIDENTIAL (FR)

Mr. Hugh Leach, President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Leach:

The Board of Governors approves the appointment of Mr. J. Dewey Daane as the officer in charge of the Research Department at the Federal Reserve Bank of Richmond with the title of Vice President, effective July 1, 1959, in accordance with the action taken by the Board of Directors as reported in your letter of March 17, 1959.

The Board has noted the advice with respect to the retirement of Vice President Cherry and the proposed changes in assignment of Vice President Storrs and Assistant Vice President MacDonald.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.